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S E C R E T SECTION 01 OF 03 KUALA LUMPUR 000256

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SUBJECT: UMNO VOICES NAJIB TAKE-OVER; ANWAR TO CONSOLIDATE
GAINS

REF: A. KUALA LUMPUR 223 - UMNO ELECTIONS IN DECEMBER
[1](#)B. KUALA LUMPUR 202 - KING VERSUS PRIME MINISTER
[1](#)C. KUALA LUMPUR 178 - UMNO STOKES MALAY FEARS
[1](#)D. KUALA LUMPUR 160 - MALAYSIA'S ELECTION SHOCK

Classified By: POLITICAL SECTION CHIEF MARK D. CLARK, REASON 1.4 (B AND
D).

Summary

[1](#)1. (C) Division-level leaders from Prime Minister Abdullah's UMNO party in three states, including the key UMNO stronghold of Johor, are increasingly voicing support for Abdullah to step down in the wake of the March 8 election set-back, with some party officials backing Deputy Prime Minister Najib to take over. Abdullah has sought to bolster East Malaysia loyalty, necessary to preserve the National Front coalition's hold on federal power. Abdullah stated his intention to announce judicial reform measures, a potentially popular move that would constitute his first significant post-election policy initiative. According to senior opposition sources, opposition leader Anwar Ibrahim is focused now on consolidation of opposition gains and cementing the formal opposition alliance, and will not attempt aggressive moves against the government in the next several months. Anwar does not intend to quickly pursue entry into Parliament via a by-election after his ban from formal politics expires April [1](#)5. Sources close to Anwar claimed PM Abdullah would have insufficient support in the security forces, UMNO and the royalty to employ emergency measures against the opposition. End Summary.

UMNO Division Heads Seek Abdullah's Replacement

[1](#)2. (SBU) Prime Minister Abdullah Badawi has come under increasing fire from his United Malays National Organization (UMNO) party's divisional leaders in at least three states. Local and Singaporean press have reported that 20 out of 26 UMNO division leaders (the six excluded leaders are Cabinet members) in the key UMNO stronghold of Johor met on April 5, expressed concern that Abdullah was a liability to the party, and supported the Prime Minister handing over de facto leadership to his deputy Najib Tun Razak. UMNO Johor chief and cabinet minister Shahrir Samad offered a weak public refutation to the reports, noting that the meeting produced, "no definitive conclusion that the Prime Minister should step down," seeming to confirm the discontent among his Johor colleagues. Other UMNO Johor leaders have not commented on their positions, nor reaffirmed their loyalty to Abdullah in the wake of these reports. Abdullah traveled to Johor on April 11 to hold what could be an uncomfortable meeting with state party leaders.

¶3. (SBU) Some UMNO divisions in Kedah and Penang states, which both fell to the opposition, reportedly also are calling for Abdullah to step down. Members of UMNO's management committee, led by DPM Najib, embarked on a fact-finding mission to the five opposition-won states. The committee's first stop was on April 10 in Kedah, where according to press accounts two divisions (out of 15) suggested that Najib and Vice President Muhyiddin (also present at the meeting as part of the management committee) should join forces and oust Abdullah at the party election in December 2008 to restore the people's support. Kedah leaders blamed Abdullah for not listening to the grassroots particularly on the choice of candidates. PM Abdullah had alluded earlier at an UMNO closed door session that the ruling coalition (BN) lost in these states due to "sabotage within UMNO" against its candidates. Divisional leaders told the management committee, however, it was not sabotage but the UMNO grassroots rejection of the candidates proposed by the party headquarters.

¶4. (C) The UMNO management committee supposedly received a similar message later on April 10 when they met with Penang's divisional leaders, some of whom also wanted Abdullah to step down immediately, blaming his "weak leadership" as the main cause for the debacle in Penang. A long-time embassy contact close to UMNO officials told us that some of the divisional leaders who voiced their dissatisfaction were the same leaders who met with Tengku Razaleigh, the UMNO veteran who announced he would challenge Abdullah for party president. Najib, who publicly reiterated his support for Abdullah on April 7, told reporters that the management committee would compile feedback from the divisional leaders in the five opposition-held states and convey their concerns to the UMNO

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Supreme Council.

Abdullah Seeks to Bolster East Malaysia Loyalty

¶5. (C) With the UMNO management committee tasked with consulting divisional leaders in the five opposition-controlled states, PM Abdullah sought to shore up loyalty to the ruling National Front (BN) coalition in East Malaysia, stopping in Sarawak April 4 and in Sabah on April 17. Sabah and Sarawak contributed 54 of the 140 BN seat's in Parliament, but received only four minor Cabinet positions, leading to grumblings and adding to rumors of possible defections that would topple the BN government. In his dialogue sessions with BN leaders of the two states, Abdullah pledged to explore the possibility of additional cabinet positions and more development funds for the two states. He also promised to review a long standing irritant in the relative lack of senior federal civil servants from the two states. In addition, the government announced that the Speaker and two Deputy Speakers of Parliament would be drawn from East Malaysia. In return for these pledges, BN leaders in two states reportedly pledged their support for PM Abdullah's leadership. In speaking with us, senior leaders in Anwar Ibrahim's opposition Peoples Justice Party (PKR) argued that East Malaysian loyalty to BN was not strong, and could switch to the opposition if UMNO infighting led to a rupture in the party. These sources indicated, however, that the opposition had not confirmed deals for East Malaysian MPs to defect and that the opposition still had much work to do to reach out to East Malaysia politicians.

Abdullah Promises Judicial Reform

¶6. (SBU) In what would constitute Abdullah's first significant post-election policy initiative, the Prime Minister announced that his government would institute judicial reforms intended to regain the public's confidence in this area. Minister in charge of judicial reform Zaid

Ibrahim added that the soon to be revealed measures would include increasing the powers and independence of the judiciary, and setting up of a commission for judicial appointments. The announcement on judicial reform followed a widely-noted April 9 speech on the need for "judicial renaissance" by the respected Perak Regent, Raja Nazrin Shah. Abdullah's announcement received initial positive comment across the political spectrum, though the details of Abdullah's plans were not yet public.

Justice Party Prepares for Anwar's Return

¶7. (SBU) While UMNO is grappling with infighting and soul searching, opposition PKR is organizing a "peoples rally" for April 14 in Kuala Lumpur to mark the final day of de facto leader Anwar Ibrahim's legal exclusion from formal political office resulting from his 1999 conviction for alleged corruption and abuse of power. PKR expects some 10,000 participants to attend the rally, intended to maintain Anwar's political "momentum," according a senior advisor to Anwar. Another senior PKR leader told us the rally's venue, the Sultan Sulaiman Club, was deliberately chosen for its symbolic value for Malays as the site of deliberations on UMNO's formation in 1946 (and also instigation of the 1969 riots). As a practical matter, the club is owned by the opposition-controlled Selangor state government.

¶8. (U) Anwar Ibrahim told reporters April 11 that he is in no rush to enter Parliament through a by-election, the subject of widespread speculation. Anwar stated that his priority now is to build an effective and credible opposition against the ruling BN coalition. Furthermore, he added that the opposition coalition priority is to ensure accountability and good governance in managing the five states to portray to the people that the opposition is a credible alternative to the BN. The former DPM also denied rumors that that the 82 Peoples Alliance members of parliament would try to move a vote of no confidence against Abdullah when the new Parliament begins activities on April 30.

¶9. (C) Similarly, Anwar advisor Khalid Ibrahim and PKR Vice President Sivarasa Rasiah, in separate meetings with polchief April 10-11, stated that Anwar would focus on consolidation of opposition gains and cementing the formal opposition alliance in the coming months, and would seek to maintain momentum without attempting aggressive moves against the BN government. Effective governance in the five states held by

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the opposition coalition was critical to convincing Malaysians the opposition would be capable of running the national government. In addition, Anwar remained essential and very much occupied with cementing the opposition Peoples Alliance and bridging the gap between the Malaysian Islamic Party (PAS) and the Chinese-dominated Democratic Action Party (DAP) at both the national and state levels.

¶10. (C) Sivarasa and Khalid said Anwar was in no rush to gain elected office through a by-election. Sivarasa explained that Anwar had no need to enter Parliament until the point if or when BN parliament members defected to the opposition in sufficient numbers (32) to bring down the government, and PKR did not want this to happen soon -- "we aren't ready." The opposition parties, however, did intend to use their greater representation in Parliament to keep pressure on BN and gain public exposure through introduction of good governance bills.

¶11. (C) Sivarasa, an ethnic Indian, commented on the need for Anwar and the opposition to proceed cautiously at this juncture so as not to alienate ethnic Malays or give UMNO a cause to stir up Malay fears. So far, UMNO had failed to generate a Malay backlash but Sivarasa did not discount such a possibility in the future. In this regard, DAP leaders had made mistakes in Penang, where the DAP-led state government

quickly indicated the demise of Malay set-asides, and Perak, where DAP sent an unsettling signal to the Malay population by insisting on the lion's share of state executive positions.

¶12. (S) Pondering worse-case scenarios involving an UMNO leader invoking emergency powers or the Internal Security Act against Anwar and the opposition, both Sivarasa and Khalid contended that UMNO would not have the firm support necessary to carry out such draconian measures. The PKR leaders stated that the police and military would not be united behind such actions, particularly given that some had sympathies for Anwar, and neither could Abdullah count on the King's support in a constitutional crisis. Some UMNO leaders also would balk at these steps. In addition, Abdullah lacked the strong leadership qualities needed to execute a crackdown, unlike his predecessor Mahathir. Both Sivarasa and Khalid gave similar accounts of Anwar receiving pre-election intelligence from within the security services, which had allowed Anwar in the final days of the campaign to predict with some accuracy the opposition gains in the polls.

Comment

¶13. (C) UMNO's announcement of party polls, culminating in planned leadership elections in December (ref A), has not settled the party's internal crisis and Abdullah continues to face real threats to his position as Prime Minister. Significant UMNO elements still are pushing for more rapid leadership change. With UMNO preoccupied with internal power struggles, Anwar and the three opposition parties have greater opportunity to get their own act together in five state governments and to cement their formal Peoples Alliance. Anwar's reportedly cautious approach at this juncture makes political sense, but, as our contacts admit, the political scene remains difficult to predict for any of the actors.

KEITH